

**CITY OF BATH, MAINE**  
**Annual Financial Report**  
**For the Year Ended June 30, 2010**



**CITY OF BATH, MAINE**  
**Annual Financial Report**  
**For the Year ended June 30, 2010**

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## Independent Auditor's Report

City Council  
City of Bath, Maine

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Bath, Maine as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Bath, Maine's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

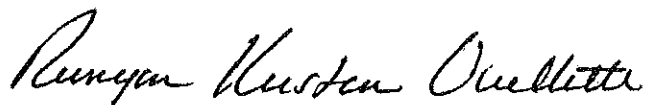
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Bath, Maine as of June 30, 2010, and the respective changes in financial position, and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January, 7, 2011, on our consideration of the City of Bath, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bath, Maine's financial statements as a whole. The combining and individual nonmajor fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



January 7, 2011  
South Portland, Maine

**CITY OF BATH, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2010**

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The objective of Management's Discussion and Analysis (MD&A) is to help readers of the City of Bath's financial statements better understand the financial position and operating activities for the year ended June 30, 2010, with selected comparative information for the year ended June 30, 2010. Unless otherwise indicated, all fiscal years referred to in this document end June 30th.

This discussion has been prepared by the City of Bath Finance Department and should be read in conjunction with the financial statements and the notes to the financial statements.

**THE CITY OF BATH**

The City of Bath, Maine is located 39 miles northeast of Maine's largest city, Portland, and 8 miles east of Maine's largest town, Brunswick. Bath is an urban and coastal community with a maritime and ship building heritage. The City is home to Bath Iron Works, a General Dynamics Corp. company, and has a population of 9,266 (2000 census).

In addition to standard municipal departments, such as Police, Fire, Cemeteries/Parks, and Public Works, the City acts as fiscal agent for the Bath Youth Meeting House/Skate Park and the Midcoast Center for Higher Education (MCHE). Each of these separate, non-profit entities are operated by their own Board of Directors, and are working toward operating as self-sustaining entities without the City of Bath's assistance.

**USING THIS ANNUAL REPORT**

The City of Bath's financial statements in this audit are actually a series of separate statements. The *Statement of Net Assets* and the *Statement of Activities* provide an overview of the government as a whole and its activities. The *Fund Financial Statements* immediately follow. These fund statements provide a more detailed look at the governmental funds (General Fund, Landfill, Sewer Utility, etc).

**The Statement of Net Assets and the Statement of Activities**

These statements attempt to provide a financial picture of the City of Bath as a whole. All of the revenues for the audited year are included, regardless of when the money is actually received. These government-wide financial statements are prepared using an accounting method called economic resources measurement focus and accrual basis.

The Statement of Net Assets provides a picture of the difference between assets and liabilities (including infrastructure), representing a measure of the current financial condition of the City. Increases or decreases in net assets from year to year can suggest whether the City's financial condition is improving or deteriorating. However, other non-quantitative factors need to be considered when analyzing overall financial well-being, such as changes in the City's property tax base, quality of education, infrastructure condition, and negative or positive impacts of legislative decisions.

The Statement of Activities provides a look at how net assets have changed from the prior fiscal year to the current fiscal year.

**CITY OF BATH, MAINE**  
**Management's Discussion and Analysis, Continued**

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The Statement of Net Assets and the Statement of Activities includes:

- Governmental Activities – Most of the City's basic services, such as General Government, Public Works, Public Safety, Capital Outlay and Assessment for Education are included here. Property taxes, excise taxes, intergovernmental revenue (primarily from the State of Maine), various City fees, and interest on investments are reported as well.

**Reporting the City's Most Significant Funds**

**Fund Financial Statements**

The fund financial statements provide details of the City's significant funds. These statements begin with the *Balance Sheet – Governmental Funds*. Some funds are required to be established by state law (Sewer Utility Fund, TIF Funds) and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's has one type of fund – governmental:

- Governmental Funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at the year-end that are available for spending. These funds are reported using an accounting method called 'current financial resources measurement focus and modified accrual basis. Modified accrual basis of accounting measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance City programs. Governmental funds are broken into 'major' and 'non-major' funds. Major governmental funds are listed on Statements 3 and 4 on pages 15 and 16 of the financial statements and include the City's primary operating fund, the General Fund, as well as the Sewer Utility Fund, the TIF Fund, the Landfill Fund, and the Capital Projects Fund. Non-major governmental fund statements begin with Exhibit C-1 of the financial statements (page 49), and include Special Purpose Funds, Community Development Funds, Transportation Programs, Bath Local Development Corporation, and Midcoast Center for Higher Education. Permanent Funds begin with Exhibit E-1 of the financial statements (page 59) and include the Bailey Evening School, Beneficiary Trust, Cemetery Trusts, Old Folks Home, and School Trusts.



**CITY OF BATH, MAINE**  
**Management's Discussion and Analysis, Continued**

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**THE CITY AS A WHOLE**

The analysis below focuses on the net assets of the City's governmental activities. The information is a condensed version of the Statement of Net Assets contained in Statement 1 of the financial statements.

	<b>FY 2010</b>	<b>FY 2009</b>
	<b>Governmental</b>	<b>Governmental</b>
	<b><u>Activities</u></b>	<b><u>Activities</u></b>
<b>ASSETS</b>		
Current & Other Assets	\$ 17,920,884	19,414,233
Depreciable capital assets, net	26,778,214	24,816,429
Non-depreciable capital assets, net	<u>2,456,420</u>	<u>2,835,176</u>
<b>Total Assets</b>	<b>47,155,518</b>	<b>47,065,838</b>
<b>LIABILITIES</b>		
Non-current Liabilities:		
Due within 1 year	3,348,308	3,644,048
Due in more than 1 year	31,120,771	32,967,818
Other Liabilities	<u>1,991,718</u>	<u>2,588,937</u>
<b>Total Liabilities</b>	<b>36,460,797</b>	<b>39,200,803</b>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	7,511,412	5,900,606
Restricted for:		
Permanent funds:		
Expendable	18,191	18,191
Nonexpendable	1,646,888	1,571,825
Unrestricted	<u>1,518,230</u>	<u>374,413</u>
<b>Total Net Assets</b>	<b>\$ <u>10,694,721</u></b>	<b><u>7,865,035</u></b>

**CITY OF BATH, MAINE**  
**Management's Discussion and Analysis, Continued**

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**City of Bath's Changes in Net Assets**  
**Governmental Activities**

	<u>2010</u>	<u>2009</u>
<b>REVENUES:</b>		
Program Revenues:		
Charges for services	\$ 4,309,516	4,218,949
Operating grants and contributions	1,275,277	801,596
Capital grants and contributions	903,769	830,865
General Revenues:		
Property and excise taxes, levied for general purposes	21,332,138	21,260,096
Grants and contributions not restricted to specific programs	1,528,165	1,544,480
Unrestricted investment earnings	193,337	51,646
Other	436,268	311,689
<i>Total program and general revenues</i>	<b>29,978,470</b>	<b>29,019,321</b>
<b>EXPENSES:</b>		
General government	2,024,952	2,314,586
Public works and wastewater	4,431,932	4,392,935
Public safety	3,293,311	3,387,267
Parks and recreation	711,517	744,007
Health, welfare, and transportation	249,403	230,959
Education	7,796,147	7,921,924
Intergovernmental	1,544,081	1,633,038
Unclassified	5,897,748	5,909,511
Interest on debt	744,575	741,162
Capital outlay	455,118	1,946,082
<i>Total expenses</i>	<b>27,148,784</b>	<b>29,221,471</b>
Increase (decrease) in net assets	2,829,686	(202,150)
Special Item:		
Transfer of assets, liabilities and equity to RSU #1	-	(2,645,452)
Net assets, beginning	<u>7,865,035</u>	<u>10,712,637</u>
Net assets, ending	<b><u>\$ 10,694,721</u></b>	<b><u>7,865,035</u></b>

**CITY OF BATH, MAINE**  
**Management's Discussion and Analysis, Continued**

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**BUDGETARY HIGHLIGHTS**

As is any budget document, the City's budget is a planning tool and the budget-to-actual analysis is not always perfect at the end of the fiscal year. Some examples of substantial budgets to actual differences are investment revenues in the general fund and in the sewer fund residential fees. The investment income revenue was under budget due to prevailing rates for investments being less than 1%. The residential fees in the sewer fund were lower than budget due to less consumption than the previous year.

**FINANCIAL HIGHLIGHTS AND LOOKING FORWARD**

- Each year, it is a primary goal of the City Manager and Council to keep the mil rate as low as possible and still be able to deliver a full spectrum of community services, at a quality level deserving of the citizens of Bath.
- Operating under the citizen approved expenditure limitation creates a budgetary constraint each year, but to date, has not significantly affected the City's ability to deliver services. Budgeting under the expenditure limitation forces the City to be creative in its delivery of services, but does delay needed capital improvements.
- The State of Maine legislature is very focused on school regionalization during the 2009 and 2010 school years. The City of Bath and surrounding Union 47 have been sharing a superintendent since the beginning of FY 2008, and a majority of the voters in Bath and Union 47 approved the new LD 910 to merge the two districts. The consolidation became effective on July 1, 2008. The FY 2009 financial statements were the first to exclude the School Department, as it is part of Regional School Unit #1 and was included on their financial statements.
- The City receives a significant portion of its tax base from Bath Iron Works (BIW). For the 2009-2010 tax year (taxes were due October 15, 2009), BIW represented about 40% of total property taxes assessed (see Table G for more information). While the City collected a little over \$8.05 million in real estate and personal property tax revenue from BIW, roughly \$4.72 million were funds collected as part of a Tax Increment Financing (TIF) District. Because of the TIF, only about \$3.33 million was retained by the City for the purposes of financing the City operational and capital budgets. The City government maintains a positive relationship with BIW, and since BIW continues to be awarded long-term shipbuilding contracts from the U.S. Government, the City looks forward to many prosperous years ahead, with BIW being one of the largest employers in the State.
- The City conducted a revaluation on all property during 2005; the reason for this was to restore equity to the values of all properties in the City. Residents saw the results of the revaluation on their property tax bills payable on October 15, 2005. When the City conducted the revaluation, there were some notable results. As expected, the mil rate dropped from 25.75 to 14.5. This was due to the increases in property values. The City's mil rate (or property tax rate) is based upon assessed value of a property. If the assessment increases, the mil rate can decrease in order to levy the proper amount of tax revenue. In this year's revaluation, some residents' property tax bills actually decreased due to a small increase in valuation; offset by a large decrease in the mil rate.

**CITY OF BATH, MAINE**  
**Management's Discussion and Analysis, Continued**

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- During FY 2005, the State legislature passed Law LD1, which was implemented in FY 2006. This legislation imposed local spending limitations and is based upon the core municipal expenditure commitment. The City has been LD1-compliant for two years. LD1 incorporates the City's growth and new property and a State-calculated income factor, and uses these figures plus the City's taxable value and other inputs to calculate a local property tax cap. During FY 2010, the City council passed an LD1 override, and allowed the LD1 limit to be permanently increased by approximately \$0. The City is a full-service community with almost no growth due to its age. When municipal expenses increase, the City exceeds the LD1 limitation because growth is not increasing at the same rate as those expenses.
- The City continues to explore economic development opportunities throughout the City and welcomes developers and business owners to include the City in their discussions of business startups, expansions, or relocations. The explores development which it feels retains Bath's small-town charm and shipbuilding heritage, while also expanding the taxable economic base in order to hold property taxes down. The City has welcomed development in recent years including Wing Farm Business Park and a downtown hotel.
- The City continues to identify and explore regional solutions to local problems, and look for mutually beneficial opportunities to cooperate with municipal neighbors in the Midcoast area. The City regionalized ambulance service with West Bath. The City has also regionalized general assistance with Brunswick and West Bath. The goal is to reduce the financial burden of service delivery to taxpayers in Bath, while maintaining an acceptable level of service delivery.
- The 2008 budget and financial statements were the first to separate the operations and capital expenses of the landfill. Management made this change in order to more accurately monitor the financial activities associated with the landfill. Management is operating under the assumption that the landfill will stay open for the foreseeable future, as the cost of closure is estimated at \$3.5 million and post-closure care is estimated at \$2.3 million.
- Due to the locally imposed expenditure limitation, the City is often unable to finance its capital needs with cash on hand. This creates a greater reliance on financing capital projects through the issuance of general obligation bonds or lease-purchase agreements. Bonds must be voter approved in order for the annual debt service payments to be exempt from the expenditure limitation. Management has noted the importance of a formal five-year capital improvement plan in order to budget and smooth cash needs, and continues to prepare the plan on an annual basis.
- The City issued \$456,965 million of new debt and made repayments of about \$3.4 million during fiscal year 2010. Overall outstanding debt is nearly \$29 million. Statement 1 of the financial statements shows the City's debt liabilities due within one year and the amount due in more than one year. Exhibit F contains a listing of the City's bond issuances.
- The City's support of the Midcoast Center for Higher Education (MCHE) continues to be strong; the MCHE is currently receiving approximately \$470,000 in rental income from its numerous tenants. Approximately half of the space in this 60,000 square foot building is rented. The City and MCHE are working together to evaluate all space and market it to appropriate tenants. The MCHE's fund balance has increased \$82,000 to (\$273,800) at the end of FY 2010. The City continues to work with the MCHE board in order to institute a five-year capital improvement plan, more accurate expense budgeting, and closer discussions of rental rates in hopes of improving this declining fund balance.

**CITY OF BATH, MAINE**  
**Management's Discussion and Analysis, Continued**

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- The Bath Youth Meeting House/Skate Park continues to improve its operations and be a vital resource for recreation and growth for the youth of Bath. The facility is working towards sustaining itself financially, and in fiscal year 2010 was close to break even in the fund. On July 1, 2008, the City assumed operations of the Skate Park; the goal is to operate at a break-even under the recreation department. The June 30, 2010 fund balance was (\$264,000). For more information, see Exhibit D-3, City Special Purpose Funds.
- The City is continually looking for new revenue streams in order to reduce the burden on property taxes. There is an ongoing review of fee structures. Excise taxes on motor vehicle registrations had been continuing to show moderate declines each year, the FY 2010 figures were approximately \$978,000 or even with fiscal year 2009. State municipal revenue sharing decrease \$200,000 in FY 2010. The City expected this and budgeted accordingly.
- The City will begin a greater emphasis on information reporting in the coming years. Information reporting improvements include the following:
  - Tracking such operational outputs is a step towards developing a performance-based budget as part of a strategic planning initiative. While performance based budgeting and strategic planning is a popular trend among municipalities across the country. The City created a ten year strategic plan, adopted by the City Council. Strategic planning and performance based budgeting is an attempt to link budget dollars to goals/objectives, operational outputs, and measures of performance. The Finance Department will continue to monitor developments nationally to see if there are tie ins with The City of Bath's Strategic Plan and performance based budgeting that would be beneficial to the City of Bath in delivering services during lean budget years.
  - The municipal side continues to create a five-year Capital Improvement Plan (CIP) for the FY 2010 budget, which reports current and future proposed capital projects and purchases. The CIP will help better track capital funding sources, improve capital asset tracking, and be a much-needed budgetary planning tool.

**Cautionary Note Regarding Forward-looking Statements**

Certain information provided by the City of Bath, including written as outlined above, or oral statements made by its representatives, may contain forward-looking statements. All statements, other than statements of historical facts, that address activities, events, or developments that the City expects or anticipates, will or may occur in the future, contain forward-looking information.

In reviewing such information, it should be kept in mind that actual results may differ materially from those projected or suggested in such forward-looking information. This forward-looking information is based upon various factors and was derived using various assumptions. The City does not undertake to update forward-looking information contained in this report or elsewhere to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking information.

**CITY OF BATH, MAINE**  
**Management's Discussion and Analysis, Continued**

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**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact:

**CITY OF BATH FINANCE DEPARTMENT**

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## **BASIC FINANCIAL STATEMENTS**





**CITY OF BATH, MAINE**  
**Statement of Net Assets**  
**June 30, 2010**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,992,522
Investments	1,469,216
Receivables:	
Taxes receivable	742,204
Tax liens	300,132
Accounts receivable, net	823,683
Notes receivable	1,005,174
Due from other governments	12,484
Inventory	24,509
Prepaid expenses	6,360
Long-term receivable from Regional School Unit #1	8,155,020
Land held for resale	1,389,580
Capital assets, not being depreciated	2,456,420
Capital assets, net of depreciation	26,778,214
<b>Total assets</b>	<b>47,155,518</b>
<b>LIABILITIES</b>	
Accounts payable	585,367
Accrued expenses	363,233
Accrued compensated absences	288,256
Other post-employment benefits	394,208
Accrued interest	360,654
Noncurrent liabilities:	
Due within one year	3,348,308
Due in more than one year	31,120,771
<b>Total liabilities</b>	<b>36,460,797</b>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	7,511,412
Restricted for:	
Permanent funds:	
Expendable	18,191
Nonexpendable	1,646,888
Unrestricted	1,518,230
<b>Total net assets</b>	<b>\$ 10,694,721</b>

*See accompanying notes to financial statements.*

**CITY OF BATH, MAINE**  
**Statement of Activities**  
**For the year ended June 30, 2010**

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net assets
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government Governmental activities
Primary government:					
Governmental activities:					
General government	\$ 2,024,952	99,044	1,179,440	-	(746,468)
Public works and wastewater treatment	4,431,932	2,695,216	-	19,151	(1,717,565)
Public safety	3,293,311	624,975	34,034	-	(2,634,302)
Parks and recreation	711,517	379,489	6,838	-	(325,190)
Health, welfare, and transportation	249,403	42,553	54,965	-	(151,885)
Education	7,796,147	-	-	-	(7,796,147)
Intergovernmental	1,544,081	-	-	-	(1,544,081)
Unclassified	5,897,748	468,239	-	-	(5,429,509)
Interest on debt	744,575	-	-	-	(744,575)
Capital outlay	455,118	-	-	884,618	429,500
<b>Total governmental activities</b>	<b>27,148,784</b>	<b>4,309,516</b>	<b>1,275,277</b>	<b>903,769</b>	<b>(20,660,222)</b>
<b>Total primary government</b>	<b>\$ 27,148,784</b>	<b>4,309,516</b>	<b>1,275,277</b>	<b>903,769</b>	<b>(20,660,222)</b>
General revenues:					
Property taxes, levied for general purposes					20,295,477
Contributions in lieu of taxes					58,024
Motor vehicle excise taxes					978,637
Grants and contributions not restricted to specific programs:					
Homestead and BETE exemption					520,574
Other State/federal aid					112,297
State Revenue Sharing					895,294
Unrestricted investment earnings					193,337
Other					436,268
<b>Total general revenues</b>					<b>23,489,908</b>
					Change in net assets
					2,829,686
					Net assets - beginning
					7,865,035
					<b>Net assets - ending</b>
					<b>\$ 10,694,721</b>

*See accompanying notes to financial statements.*

CITY OF BATH, MAINE  
Balance Sheet  
Governmental Funds  
June 30, 2010

	General	Sewer Utility Fund	TIF Funds	Landfill	Capital Projects	Other Governmental Funds	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ 3,348,505	-	278,800	-	109,455	255,762	3,992,522
Investments	-	-	-	-	-	1,469,216	1,469,216
Receivables:							
Taxes receivable	742,204	-	-	-	-	-	742,204
Tax liens	294,882	5,250	-	-	-	-	300,132
Accounts receivable, net	187,012	547,299	-	85,960	-	3,412	823,683
Notes receivable	-	-	-	-	-	1,005,174	1,005,174
Due from other governments	-	-	-	-	-	12,484	12,484
Interfund loans receivable	-	-	209,155	66,768	1,984,691	207,508	2,468,122
Inventory	24,509	-	-	-	-	-	24,509
Prepaid	6,360	-	-	-	-	-	6,360
Receivable from RSU #1 for debt service payment	8,155,020	-	-	-	-	-	8,155,020
<b>Total assets</b>	<b>\$ 12,758,492</b>	<b>552,549</b>	<b>487,955</b>	<b>152,728</b>	<b>2,094,146</b>	<b>2,953,556</b>	<b>18,999,426</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable	206,076	84,452	61,996	95,373	80,464	57,006	585,367
Accrued expenditures	221,240	14,935	2,209	7,852	110	32,655	279,001
Escrow	-	-	-	-	-	84,232	84,232
Interfund loans payable	1,275,835	252,720	-	-	-	939,567	2,468,122
Deferred tax revenue	753,000	-	-	-	-	-	753,000
Deferred debt service payments from RSU #1	8,155,020	-	-	-	-	-	8,155,020
<b>Total liabilities</b>	<b>10,611,171</b>	<b>352,107</b>	<b>64,205</b>	<b>103,225</b>	<b>80,574</b>	<b>1,113,460</b>	<b>12,324,742</b>
<b>Fund balances:</b>							
Reserved for noncurrent receivables	-	-	-	-	-	1,005,174	1,005,174
Reserved for inventory	24,509	-	-	-	-	-	24,509
Reserved for non-expendable principal	-	-	-	-	-	1,646,888	1,646,888
Unreserved, reported in:							
General fund - designated	147,606	-	-	-	-	-	147,606
General fund - undesignated	1,975,206	-	-	-	-	-	1,975,206
Special revenues - designated	-	-	-	-	-	40	40
Special revenues - undesignated	-	200,442	423,750	49,503	-	(830,197)	(156,502)
Capital projects	-	-	-	-	2,013,572	-	2,013,572
Permanent funds	-	-	-	-	-	18,191	18,191
<b>Total fund balances</b>	<b>2,147,321</b>	<b>200,442</b>	<b>423,750</b>	<b>49,503</b>	<b>2,013,572</b>	<b>1,840,096</b>	<b>6,674,684</b>
<b>Total liabilities and fund balances</b>	<b>\$ 12,758,492</b>	<b>552,549</b>	<b>487,955</b>	<b>152,728</b>	<b>2,094,146</b>	<b>2,953,556</b>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

More specifically, non-depreciable & depreciable capital assets as reported on Statement 1

29,234,634

Land held for resale

1,389,580

Long-term receivable from Regional School Unit #1 for bonds held in the City's name.

8,155,020

Other long-term assets are not available to pay for current period expenditures

and, therefore, are deferred in the funds.

753,000

Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:

Accrued compensated absences

(288,256)

Other post-employment benefits

(394,208)

Accrued interest

(360,654)

Note payable to Regional School Unit #1

(290,837)

Landfill closure

(4,300,000)

Capital leases

(781,883)

Bonds payable

(29,096,359)

**Net assets of governmental activities**

**\$ 10,694,721**

See accompanying notes to financial statements.

**CITY OF BATH, MAINE**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2010**

	Sewer					Capital Projects	Landfill	TIF Funds	Other Governmental Funds	Total
	General	Utility Fund	Funds	Governmental Funds	Other Governmental Funds					
<b>Revenues:</b>										
Taxes	\$ 15,362,119	-	4,911,448	935,302	-	367,269	-	-	21,576,138	
Licenses and permits	94,999	-	-	-	-	-	-	-	94,999	
Intergovernmental	1,513,077	-	-	3,750	-	884,618	-	1,290,365	3,691,810	
Charges for services	681,626	1,842,349	-	796,216	-	-	-	894,326	4,214,517	
Investment income	1,640	12,282	-	-	-	54,617	-	124,798	193,337	
Other revenues	173,870	6,178	-	-	-	6,325	-	111,533	297,906	
<b>Total revenues</b>	<b>17,827,331</b>	<b>1,860,809</b>	<b>4,911,448</b>	<b>1,735,268</b>	<b>-</b>	<b>1,312,829</b>	<b>-</b>	<b>2,421,022</b>	<b>30,068,707</b>	
<b>Expenditures:</b>										
<b>Current:</b>										
General government	1,244,402	-	-	-	-	-	-	634,889	1,879,291	
Public works and wastewater treatment	1,304,533	1,084,938	-	1,020,738	-	-	-	-	3,410,209	
Public safety	3,221,524	-	-	-	-	-	-	81,354	3,302,878	
Parks and recreation	-	-	-	-	-	-	-	644,396	644,396	
Health, welfare and transportation	66,744	-	-	-	-	-	-	181,677	248,421	
Education	7,796,147	-	-	-	-	-	-	-	7,796,147	
Intergovernmental	1,544,081	-	-	-	-	-	-	-	1,544,081	
Unclassified	1,483,491	-	3,766,910	-	-	-	-	537,156	5,787,557	
Debt service	705,476	691,556	872,271	934,170	-	-	-	-	3,203,473	
Capital outlays	-	123,143	1,747,302	175,990	-	2,235,481	-	16,606	4,298,522	
<b>Total expenditures</b>	<b>17,366,398</b>	<b>1,899,637</b>	<b>6,386,483</b>	<b>2,130,898</b>	<b>-</b>	<b>2,235,481</b>	<b>-</b>	<b>2,096,078</b>	<b>32,114,975</b>	
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>460,933</b>	<b>(38,828)</b>	<b>(1,475,035)</b>	<b>(395,630)</b>	<b>-</b>	<b>(922,652)</b>	<b>-</b>	<b>324,944</b>	<b>(2,046,268)</b>	
<b>Other financing sources (uses):</b>										
Transfers in	76,918	70,000	-	-	-	-	-	451,074	597,992	
Transfers out	(286,074)	(40,000)	(165,000)	-	-	(70,000)	-	(36,918)	(597,992)	
Funding RSU #1 fund deficit	(100,000)	-	-	-	-	-	-	-	(100,000)	
Refunding of debt service	138,362	-	-	-	-	-	-	-	138,362	
Proceeds from capital lease	-	-	-	-	-	758,134	-	-	758,134	
Proceeds from bonds/notes	-	56,965	400,000	-	-	-	-	-	456,965	
<b>Total other financing sources (uses)</b>	<b>(170,794)</b>	<b>86,965</b>	<b>235,000</b>	<b>-</b>	<b>-</b>	<b>688,134</b>	<b>-</b>	<b>414,156</b>	<b>1,253,461</b>	
<b>Net change in fund balances</b>	<b>290,139</b>	<b>48,137</b>	<b>(1,240,035)</b>	<b>(395,630)</b>	<b>-</b>	<b>(234,518)</b>	<b>-</b>	<b>739,100</b>	<b>(792,807)</b>	
<b>Fund balances, beginning of year</b>	<b>1,857,182</b>	<b>152,305</b>	<b>1,663,785</b>	<b>445,133</b>	<b>-</b>	<b>2,248,090</b>	<b>-</b>	<b>1,100,996</b>	<b>7,467,491</b>	
<b>Fund balances, end of year</b>	<b>\$ 2,147,321</b>	<b>200,442</b>	<b>423,750</b>	<b>49,503</b>	<b>-</b>	<b>2,013,572</b>	<b>-</b>	<b>1,840,096</b>	<b>6,674,684</b>	

See accompanying notes to financial statements.

**CITY OF BATH, MAINE**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the year ended June 30, 2010**

Net change in fund balances - total governmental funds (from Statement 4)	\$	(792,807)
<p>Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:</p>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$2,974,507) including land held for resale (\$1,389,580) exceeded depreciation expense (\$1,391,478).		2,972,609
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(244,000)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the increase in accrued compensated absences (\$87,576) and other post-employment benefits (\$197,104) and the decrease in accrued interest (\$20,787).		(263,893)
Lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which lease proceeds (\$758,134) exceeded repayments on leases (\$89,364).		(668,770)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments (\$3,438,522) exceeded proceeds (\$456,965).		2,981,557
The City has bonds that were originally issued for School purposes. These amounts will be funded by Regional School Unit #1 when the debt service payments are due. The City has recorded a long-term receivable for the amount that will be paid by the School Unit for these bonds. The amount of the receivable at year end was \$8,155,020, with principal amounts paid off during the year totaling \$985,010.		(985,010)
The City of Bath is funding the School Department's deficit balance that was transferred to Regional School Unit #1. The total amount to be funded is \$490,837. During the year, the City paid \$100,000.		100,000
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. This represents the change in landfill liability.		(270,000)
<b>Change in net assets of governmental activities (see Statement 2)</b>	<b>\$</b>	<b>2,829,686</b>

*See accompanying notes to financial statements.*

**CITY OF BATH, MAINE**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**All Budgeted Governmental Funds - Budget and Actual - Budgetary Basis**  
**For the year ended June 30, 2010**

	General Fund				Sewer Utility Fund				Variance with final budget positive (negative)
	Budget		Actual	Variance with final budget positive (negative)	Budget		Actual	Variance with final budget positive (negative)	
	Original	Final			Original	Final			
<b>Revenues:</b>									
Taxes	\$ 15,092,524	15,092,524	15,362,119	269,595	-	-	-	-	-
Licenses and permits	103,680	103,680	94,999	(8,681)	-	-	-	-	-
Intergovernmental	1,495,392	1,495,392	1,513,077	17,685	-	-	-	-	-
Charges for services	743,500	743,500	681,626	(61,874)	2,116,808	2,116,808	1,842,349	(274,459)	
Investment income	140,000	140,000	1,640	(138,360)	6,000	6,000	12,282	6,282	
Other revenues	231,600	231,600	146,795	(84,805)	1,000	1,000	6,178	5,178	
<b>Total revenues</b>	<b>17,806,696</b>	<b>17,806,696</b>	<b>17,800,256</b>	<b>(6,440)</b>	<b>2,123,808</b>	<b>2,123,808</b>	<b>1,860,809</b>	<b>(262,999)</b>	
<b>Expenditures:</b>									
<b>Current:</b>									
General government	1,322,303	1,342,765	1,244,402	98,363	-	-	-	-	-
Public works	1,326,921	1,329,911	1,304,533	25,378	-	-	-	-	-
Public safety	3,324,442	3,339,045	3,221,524	117,521	-	-	-	-	-
Health and welfare	62,425	62,538	66,744	(4,206)	-	-	-	-	-
Education	7,796,147	7,796,147	7,796,147	-	-	-	-	-	-
Intergovernmental	1,544,081	1,544,081	1,544,081	-	-	-	-	-	-
Administration	-	-	-	-	112,875	108,144	76,356	31,788	
Treatment plant	-	-	-	-	804,020	807,737	781,291	26,446	
Maintenance	-	-	-	-	265,650	266,664	227,291	39,373	
Unclassified	1,683,726	1,645,558	1,483,491	162,067	747,080	747,080	691,556	55,524	
Debt service	707,969	707,969	705,476	2,493	224,183	224,183	123,143	101,040	
Capital	-	-	-	-	2,153,808	2,153,808	1,899,637	254,171	
<b>Total expenditures</b>	<b>17,758,014</b>	<b>17,758,014</b>	<b>17,356,398</b>	<b>401,616</b>	<b>(30,000)</b>	<b>(30,000)</b>	<b>(38,828)</b>	<b>(8,828)</b>	
<b>Excess (deficiency) of revenues over (under) expenditures</b>									
Other financing sources (uses):									
Transfers in									
Transfers out	65,000	65,000	76,918	11,918	-	-	70,000	70,000	
Refunding of debt service	(284,998)	(284,998)	(286,074)	(1,076)	(40,000)	(40,000)	(40,000)	-	
Funding RSU #1 fund deficit	-	-	138,362	138,362	-	-	-	-	
Utilization of prior year fund balance	-	-	(100,000)	(100,000)	-	-	-	-	
Proceeds from bonds/notes	181,316	181,316	-	(181,316)	-	-	-	-	
<b>Total other financing sources (uses)</b>	<b>(38,682)</b>	<b>(38,682)</b>	<b>(170,794)</b>	<b>(132,112)</b>	<b>30,000</b>	<b>30,000</b>	<b>86,965</b>	<b>(13,035)</b>	
<b>Net change in fund balances - budgetary basis</b>									
Reconciliation to GAAP basis:									
Fuel revenues for fuel tank reserve			27,075	27,075	-	-	-	-	
<b>Net change in fund balance - GAAP basis</b>									
Fund balance, beginning of year			1,857,182	1,857,182			48,137	48,137	
<b>Fund balance, end of year</b>	<b>\$</b>		<b>2,147,321</b>	<b>2,147,321</b>			<b>200,442</b>	<b>200,442</b>	

See accompanying notes to financial statements.

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements**

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**THE REPORTING ENTITY**

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The City of Bath was incorporated in 1847 under the laws of the State of Maine. The City operates under a Council-Manager form of government with an elected nine-member City Council. The City provides the following services as authorized by its charter: public safety, public works, recreation, and community development. As of July 1, 2008, the Bath School Department joined Regional School Unit #1 and is no longer a department of the City of Bath.

This report includes all funds of the City. An analysis of certain criteria was made to determine if other governmental units should be included in this report. In evaluating how to define the reporting entity for financial reporting purposes, management has considered all potential component units. The criterion used defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the City and/or its members, or whether the activity is conducted within the geographic boundaries of the City and is generally available to its members.

**Bath Local Development Corporation (Bath LDC)**

The City has elected to report the Bath Local Development Corporation as a blended Component Unit in the special revenue funds. The Bath LDC was established by the City Council to assist and promote economic development for companies located or attempting to locate in the City of Bath. The Board of the Directors for the Bath LDC includes the City Manager, Planning Director, two members of the City Council, one member of the Bath Planning Board and at least two but not more than ten representatives of the Bath business community.

**Midcoast Center for Higher Education (MCHE)**

The City has elected to report the Midcoast Center for Higher Education as a blended Component Unit in the special revenue funds. MCHE was established by the City Council to convert the former Midcoast Hospital into a Community College and space for related businesses. The board of directors for the MCHE includes the City Manager, two members of the City Council, and up to six other members.

It is the City's judgment, based on all pertinent facts derived from the analysis of these criteria, that there are no other entities that would be considered potential component units within the City that should be included as part of these financial statements. The City has, however, identified the following related organizations:

**Related Organizations** - The City of Bath appoints a voting majority of the following governing boards of each of the entities described below. However, The City is not financially accountable for these organizations and therefore, they are not component units.

The Bath Water District was established by the State of Maine in 1915 as a quasi-municipal water district to provide safe and affordable water to the citizens of the City of Bath. The District is managed by a five-member board of trustees, four chosen by the Bath City Council.

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The Bath Housing Authority was established in 1970 pursuant to Maine Law. It is governed by a seven-member board of commissioners appointed by the Bath City Council.

The accounting policies of the City of Bath conform to accounting principles generally accepted in the United States of America as applicable to governmental units, except as otherwise noted. The following is a summary of the more significant policies:

**A. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the *Statement of Net Assets* and the *Statement of Activities*) report information on all of the non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City has elected not to allocate indirect costs among the programs, functions and segments. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The City currently does not have fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**B. Measurement Focus, Basis of Accounting and Basis of Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as certain compensated absences and claims and judgments, are recorded only when the payment is due.



**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Sewer Utility Fund accounts for the revenues generated from sewer billings and the costs of operating and maintaining the sewer treatment plant and related equipment.

The TIF Fund accounts for development programs in the City of Bath. Taxes are remitted to the TIF districts over the lives of the districts to assist in financing the development projects.

The Landfill Fund accounts for the fees charged to use the landfill and the operating and maintenance costs of the landfill.

Capital Projects account for financial resources to be used for the acquisition or construction of major capital assets.

**C. Cash, Cash Equivalents and Investments**

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with maturity date within three months of the date acquired by the City.

Investments are stated at fair value, which approximates market value.

**D. Inventories**

Inventories are valued at the lower of cost (first-in, first-out basis) or market. Inventories consist of vehicle fuel for consumption by the City and other regional governmental organizations.

**E. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an estimated useful life in excess of one year and the following minimum capitalization thresholds for capitalizing capital assets:

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**E. Capital Assets, continued**

Land	\$ 25,000	N/A
Building and building improvements	50,000	15-40
Machinery, equipment, vehicles	5,000	3-20
Infrastructure	150,000	30-100

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant and equipment of the primary government are depreciated using the straight-line method over the assets' estimated useful lives, which are determined by the Finance Director. Assets' lives will be adjusted as necessary, depending on the present condition and use of the asset and based on how long the assets are expected to meet current service demands.

**F. Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vested or accumulated vacation and sick leave are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**G. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs if material to basic financial statements, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, if material, are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**H. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designated fund balances represent tentative plans for future use of financial resources.

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**I. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriations. All encumbrances, if any, are reserved at year end.

**J. Use of Estimates**

Preparation of the City's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

**K. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. The City's net assets invested in capital assets, net of related debt was calculated as follows at June 30, 2010:

Capital assets	\$ 51,603,160
Accumulated depreciation	(22,368,526)
Bonds payable	(29,096,359)
Long-term receivable from RSU #1 for debt service	8,155,020
Capital leases payable	(781,883)
<b><u>Total invested in capital assets net of related debt</u></b>	<b><u>\$ 7,511,412</u></b>

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**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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The revenues and expenditures of the General Fund and the Sewer Utility Fund (a Special Revenue Fund) are controlled by a formal integrated budgetary accounting system. Historically, the budget has been prepared on a modified accrual basis of accounting.

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**

**PROPERTY TAX**

Property taxes for the current year were committed on August 28, 2009, on the assessed value listed as of the prior April 1 for all real and personal property located in the City. Assessed values are periodically established by the City's Assessor at 100% of assumed market value.

The City is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$217,040 for the year ended June 30, 2010.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The City has the authority to foreclose on property eighteen months after the filing of the lien if the tax liens and associated costs remain unpaid.

Property taxes levied during the year were recorded as receivables at the time the levy was made. The receivables collected during the year and in the first sixty days following the end of the fiscal year have been recorded as revenues in the fund and entity-wide financial statements. The remaining receivables have been recorded as deferred revenues in the fund financial statements.

The following summarizes the levy:

	<u>2010</u>	<u>2009</u>
Assessed value (excluding Homestead exemption)	\$ 1,173,310,550	1,168,412,000
Tax rate (per \$1,000)	17.20	17.20
Commitment	20,180,941	20,096,686
Supplemental taxes assessed	-	-
	<u>20,180,941</u>	<u>20,096,686</u>
Less:		
Abatements	30,571	43,394
Collections	19,511,824	19,261,510
	<u>19,542,395</u>	<u>19,304,904</u>
<b>Current year taxes and liens receivable at end of year</b>	<b>\$ 638,546</b>	<b>791,782</b>
Due date - current year	October 15, 2009	October 15, 2008
Interest rate on delinquent taxes	9.00%	11.00%
Collection rate	96.84%	96.06%
Taxes and liens receivable - current year	638,546	791,782
Taxes and liens receivable - prior years	398,540	485,441
<b>Total taxes and liens receivables</b>	<b>\$ 1,037,086</b>	<b>1,277,223</b>

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**

**DEPOSITS AND INVESTMENTS**

As of June 30, 2010, the City had the following investments:

	<u>Fair value</u>	<u>Weighted average maturity (years)</u>
Federal Farm Credit Bank	\$ 52,281	3.236
Federal Home Loan Banks	205,079	1.932
Corporate bonds	156,314	1.530
Common stock	738,595	N/A
Mutual funds	27,701	N/A

*Custodial credit risk- deposits* – In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City currently does not have a deposit policy for custodial credit risk. As of June 30, 2010, none of the City’s bank balance of \$4,311,317 was exposed to custodial credit risk because it was uninsured and uncollateralized and \$1,056,432 was collateralized by underlying securities held by the related bank in the City’s name.

*Custodial credit risk- investments* – For investments, this is the risk that in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The City currently does not have an investment policy for custodial credit risk.

*Credit risk* – Maine statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and certain corporate stocks and bonds. U.S. Treasury Notes, common stock, and corporate bonds with a maturity date of less than six months are not rated. As of June 30, 2010, the City’s investments were rated by Morningstar as follows:

	<u>Credit Rating</u>
Federal Home Loan Banks	AAA
Federal Farm Credit Bank	AAA
Corporate bonds:	
GE Capital Corp	AA2
GBC Verizon Communications	A3

*Interest rate risk* – The City does not have a deposit policy for interest rate risk.

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**

**CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2010 was as follows:

	Balance June 30, <u>2009</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2010</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,929,664	51,012	-	1,980,676
Construction in progress	905,512	1,527,397	1,957,165	475,744
Total capital assets not being depreciated	2,835,176	1,578,409	1,957,165	2,456,420
Capital assets, being depreciated:				
Buildings and building improvements	13,061,827	-	-	13,061,827
Machinery, furniture and equipment	2,365,791	407,265	307,211	2,465,845
Infrastructure	28,079,184	2,344,215	-	30,423,399
Vehicles	2,807,358	601,783	213,472	3,195,669
Total capital assets being depreciated	46,314,160	3,353,263	520,683	49,146,740
Less accumulated depreciation for:				
Buildings and building improvements	5,565,964	482,400	-	6,048,364
Machinery, furniture and equipment	1,601,226	137,491	307,211	1,431,506
Infrastructure	12,248,545	605,104	-	12,853,649
Vehicles	2,081,996	166,483	213,472	2,035,007
Total accumulated depreciation	21,497,731	1,391,478	520,683	22,368,526
Total capital assets being depreciated, net	24,816,429	1,961,785	-	26,778,214
<b>Governmental activities capital assets, net</b>	<b>\$ 27,651,605</b>	<b>3,540,194</b>	<b>1,957,165</b>	<b>29,234,634</b>

The City of Bath, Maine is holding land for resale within an industrial park. The value of the land at June 30, 2010 was \$1,389,580.

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 145,571
Public works and wastewater treatment	1,015,337
Parks and recreation	93,937
Public safety	136,633
<b>Total depreciation expense – governmental activities</b>	<b>\$ 1,391,478</b>

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**INTERFUND BALANCES AND TRANSFERS**

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Individual interfund loans receivable and payable and interfund transfers at June 30, 2010 were as follows:

	<u>Interfund loan receivable</u>	<u>Interfund loan payable</u>	<u>Transfers in (out)</u>
General Fund	\$ -	1,275,835	(209,156)
Sewer Utility Fund	-	252,720	30,000
TIF Fund	209,155	-	(165,000)
Capital Projects	1,984,691	-	(70,000)
Landfill Fund	66,768	-	-
Nonmajor governmental funds:			
City Special Purpose	-	323,754	160,820
Community Development	-	338,289	83,752
Transportation Programs	-	4,250	76,502
Bath Local Development Corp.	122,069	-	130,000
Midcoast Center for Higher Education	-	266,170	-
Nonmajor permanent funds	85,439	7,104	(36,918)
<b>Total interfund balances and transfers</b>	<b>\$ 2,468,122</b>	<b>2,468,122</b>	<b>-</b>

With the exception of certain special revenue and permanent funds, all cash of the City is co-mingled in centralized cash accounts maintained within the General Fund, the practice of which results in the interfund balances listed above.

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**CHANGES IN LONG-TERM LIABILITIES**

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Long-term liability activity for the year ended June 30, 2010, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
<b>Governmental activities:</b>					
General obligation bonds	\$ 32,077,916	456,965	3,438,522	29,096,359	3,144,886
Note payable to RSU #1	390,837	-	100,000	290,837	100,000
Capital leases	113,113	758,134	89,364	781,883	103,422
Other post-employment benefits	197,104	197,104	-	394,208	-
Accrued compensated absences	200,680	288,256	200,680	288,256	-
Landfill closure and postclosure care costs	4,030,000	270,000	-	4,300,000	-
<b>Governmental activity long-term liabilities</b>	<b>\$ 37,009,650</b>	<b>1,970,459</b>	<b>3,828,566</b>	<b>35,151,543</b>	<b>3,348,308</b>

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**

**SHORT-TERM DEBT**

The City issues tax anticipation notes to cover cash short falls during the year. Tax anticipation note activity for the year ended June 30, 2010, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>
<b>Tax anticipation notes</b>	\$ -	3,000,000	3,000,000	-

**LONG-TERM DEBT**

Long-term debt payable at June 30, 2010 is comprised of the following:

	<u>Date of issue</u>	<u>Original amount issued</u>	<u>Date of maturity</u>	<u>Interest rate</u>	<u>June 30, 2010</u>
<b>Governmental activities:</b>					
Sewer improvement bonds	10/1/92	\$ 3,311,000	10/1/12	4.12%	496,650
Wastewater upgrade bonds	10/1/97	6,300,000	10/1/17	varies	2,520,000
Library bonds	5/28/98	500,000	11/1/12	varies	107,300
Sewer and street improvement TIF bonds	11/1/99	4,500,000	11/1/19	varies	2,250,000
Middle school renovation	8/1/01	5,600,000	8/1/21	varies	3,360,000 (3)
Middle school renovation SSRRF	10/1/02	1,000,000	10/1/11	0.00%	110,020 (3)
City capital improvement bonds	8/1/01	1,020,000	8/1/21	varies	600,000
Landfill and pumping station bonds	10/1/03	1,950,000	10/1/22	varies	1,197,500
General obligation bonds	9/1/02	4,000,000	9/1/22	varies	2,460,000
General obligation bonds	6/1/04	1,840,000	9/1/19	varies	1,215,000
2004 Note – Bath Savings Institute	12/3/04	550,000	12/3/24	5.50%	452,934
Building renovation note	3/13/06	1,000,000	11/30/11	5.125%	371,213 (1)
Wastewater revolving loan fund	6/30/06	350,000	6/30/26	1.78%	280,000
2006 general obligation refunding	7/18/06	5,280,000	10/1/16	4.375%	2,445,000 (3)
2008 SRF sewer bond	5/1/08	1,400,000	4/1/2023	1.00%	1,213,334 (2)
2008 general obligation bond	1/30/08	6,500,000	1/15/18	varies	5,360,000
2008 general obligation bond	1/30/08	2,800,000	1/15/23	varies	2,240,000 (3)
2009 general obligation bond series B	9/5/08	635,000	10/15/28	varies	615,000
2009 general obligation bond series C	9/8/08	1,365,000	10/15/18	6.75%	1,365,000
2009 AARA Clean Water Revolving Loan	7/1/09	56,965	4/1/19	0.00%	37,408
2010 Sidewalk Loan	3/1/10	400,000	2/1/20	4.24%	400,000

**Total governmental activities**

**\$ 29,096,359**

- (1) This note is on a draw-down basis. As of June 30, 2010, the City has drawn down \$500,000. The remaining \$500,000 has yet to be drawn down.
- (2) This note is on a draw-down basis. As of June 30, 2010, the City had drawn down \$1,339,570.
- (3) As of July 1, 2008, the Bath School Department joined Regional School Unit #1. RSU #1 will reimburse the City of Bath for all Bath School Department bonds payable when the debt service payments are due. The City has recorded a long-term receivable for \$8,155,020, which is the outstanding amount of bonds payable related to the School Department.



**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**LONG-TERM DEBT, CONTINUED**

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The annual principal and interest requirements to amortize general long-term debt outstanding as of June 30, 2010 are as follows:

Year(s) ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 3,144,886	1,067,142	4,212,028
2012	3,298,685	958,699	4,257,384
2013	2,972,891	849,062	3,821,953
2014	2,759,299	742,001	3,501,300
2015	2,762,298	644,463	3,406,761
2016-2020	11,455,194	1,702,638	13,157,832
2021-2025	2,510,606	218,777	2,729,383
2026-2030	192,500	19,974	212,474
<b>Totals</b>	<b>\$ 29,096,359</b>	<b>6,202,756</b>	<b>35,299,115</b>

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**LANDFILL CLOSURE AND POSTCLOSURE COSTS**

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The City of Bath is currently operating a landfill for residential and commercial sanitary waste, demolition debris, and other materials. In 1991, the City entered into a consent decree with the State of Maine for the development and implementation of a corrective action plan and application to re-license with a proposed vertical expansion. The City met all terms of the consent decree and received approval from the State on the new license and vertical expansion. As part of the corrective action plan, the City closed certain sections of the landfill and prepared to make improvements that would extend the useful life of the facility. On November 6, 2001, voters approved the City Council's authorization of \$8,140,000 in general obligation bonds. Of this bond issuance, \$3,000,000 was to provide funds for landfill improvements, otherwise referred to as the Landfill Project. In September 2002 (the "2002 Bonds"), \$1,200,000 was issued to finance the Landfill Project. An additional amount of \$600,000 was financed through the State Revolving Loan Program (SRF) jointly through the Maine Municipal Bond Bank and the Maine Department of Environmental Protection. Another bond issuance in June 2004 (the "2004 Bonds") provided the remaining \$1,200,000 previously authorized for the Landfill Project. On January 30, 2008, the City issued \$4,500,000 in voter-approved debt for construction of a new cell and gas mitigation system. At June 30, 2010, the landfill had reached approximately 72.87% capacity of the current configuration (post Landfill project expansion). The estimated cost for closure after it reaches existing capacity is approximately \$3,500,000. Post closure costs, such as monitoring and maintenance for 30 years is estimated to be \$2,300,000. As such, the City has recognized a liability based on the percentage used as of June 30, 2010, of \$2,600,000 for closure, and an estimate for post closure costs of \$1,700,000. This results in a total of \$4,300,000 estimated liability of closure and post closure costs in the government-wide financial statements. The actual closure and post closure costs may vary from this estimate due to inflation, changes in technology, recycling, engineering estimates, expansion of the existing landfill, or changes in landfill laws and regulations.

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**CAPITAL LEASES**

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The City of Bath has entered into various lease agreements as lessee for various equipment. Those leases qualify as capital leases for accounting purposes, and therefore, have been recorded in the government-wide financial statements at the present value of future minimum lease payments as of the date of its inception. The value of assets capitalized under these leases as of June 30, 2010 was \$939,125.

The following is a schedule of future minimum lease payments under the capital lease and the present value of the minimum lease payment at June 30, 2010

Fiscal year ending	<u>Capital leases</u>
2011	\$ 139,073
2012	139,073
2013	114,021
2014	114,021
2015	107,803
<u>2016-2019</u>	<u>339,320</u>
Total minimum lease payments	953,311
Less: amount representing interest	<u>(171,428)</u>
<b><u>Present value of future minimum lease payments</u></b>	<b><u>\$ 781,883</u></b>

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**NOTE PAYABLE TO REGIONAL SCHOOL UNIT #1**

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As of July 1, 2008, the Bath School Department joined Regional School Unit #1. At the time of the merger to create RSU #1, the Bath School Department had a deficit fund balance of \$490,837. The City of Bath has agreed to fund the \$490,837 deficit over a five year period at \$100,000 per year. The balance at June 30, 2010 is \$290,837.

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**OVERLAPPING DEBT**

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The City of Bath is situated in Sagadahoc County and is therefore subject to annual assessment of its proportional share of county expenses. Long-term debt outstanding in Sagadahoc County, for which the City of Bath would be proportionally responsible in the event the County defaulted, amounted to \$2,184,401 at June 30, 2010, which is 20.97% of the County's total debt of \$10,416,791.

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**LIMITATION ON MUNICIPAL SPENDING**

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The City's charter provides for a limitation on expenditures each year based upon the annual increase in the National Consumer Price Index ("CPI") as determined by the United States Department of Labor. Exceptions to the limitations are made for proceeds of new bond issues approved by public referendum, debt service required to support new bonded indebtedness, expenditures of Federal and State grants, expenditures for programs mandated and funded by the Federal and State governments, expenditures of insurance proceeds for replacement of covered assets, and emergency appropriations by the City Council in accordance with the City's charter. The expenditures of the City of Bath for the year ended June 30, 2010 were made in accordance with the above charter limitations.

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**SIGNIFICANT TAXPAYER**

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For the year ended June 30, 2010, the City of Bath received \$8,051,652 in real estate and personal property tax revenue from Bath Iron Works. This amount represents 39.9% of total property taxes assessed. Of the taxes received from Bath Iron Works for the year ended June 30, 2010, a significant portion (\$4,723,494) were funds collected as part of a Tax Increment Financing (TIF) District. As such, only \$3,328,158 were taxes collected for the purposes of financing the City's and School's operational and capital budgets.

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**RESERVED AND DESIGNATED FUND BALANCES**

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At June 30, 2010, various funds reported reserved fund balances as follows:

General Fund - inventory	\$ 24,509
Special Revenue Funds - noncurrent receivables	1,005,174
Permanent Funds - Trust principal	1,646,888
<b>Total reserved fund balances</b>	<b>\$ 2,676,571</b>

At June 30, 2010, various funds reported designated fund balances as follows:

General Fund - public works fuel tanks	\$ 147,606
Special Revenue Funds:	
Transportation programs	40
Total Special Revenue designated	40
<b>Total designated fund balances</b>	<b>\$ 147,646</b>

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**DEFICIT FUND BALANCES**

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Several City Special Revenue Funds had deficit fund balances at June 30, 2010. The City's deficit fund balances are as follows: Fire Training; Forestry Recovery; Homeland Security; Recreation Programs; Skate Park Committee; Bath Youth Meeting House; Bath City Bus; and the Trolley Funds. All of these deficits will be funded by future operations and future grants. Also, Midcoast Center for Higher Education, which is reported as a blended component unit, had a deficit fund balance, which will be funded with future bond proceeds and TIF appropriations.

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**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (Maine PERS) - CONSOLIDATED RETIREMENT PENSION PLAN**

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**Description of the Plan** - The City contributes to the Maine Public Employees Retirement System Consolidated Plan, a cost sharing, multiple employer retirement system established by the Maine State Legislature. The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State Legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained by writing to Maine Public Employees Retirement, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (Maine PERS) - CONSOLIDATED RETIREMENT PENSION PLAN**

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**Funding Policy** - Plan members are required to contribute a percentage of their annual covered salary. The City is required to contribute an actuarially determined rate. Employer and member rates for the year ended June 30, 2010 were as follows:

	<u>Special #2C</u>	<u>Special #3C</u>
Employer payroll rate(s):		
Normal cost	9.30%	12.10%
Pooled UAL	-4.30%	-5.50%
Total payroll rate	5.00%	6.60%
Monthly IUUAL available:		
Payment/(Credit)	\$ (58,355)	(51,542)
Member contribution rate(s)	6.5%	8.0%

Prior to the Consolidated Plan, the City had a separate District plan. Effective July 1, 1996, the City elected to join the Consolidated Plan. Under the terms of joining the consolidated plan, the City has an Initial Unpooled Unfunded Actuarial Liability Credit (IUUAL). The credit is being amortized over an open 10 year period. For the years ended June 30, 2010 and 2009, the credit offset current employer contributions by \$219,600 and \$201,813 respectively, resulting in no City contributions being required for the 2010 and 2009 fiscal years. The contribution rates of plan members and the City are established and may be amended by the Maine Public Employees Retirement System Board of Trustees. For the years ended June 30, 2010 and 2009, employee contributions to the plan totaled \$344,753 and \$315,757, respectively.

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**DEFERRED COMPENSATION PLAN**

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The City offers its employees a deferred compensation plan created in accordance with Internal Revenue (IRC) Section 457. The plan permits participating employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The City amended the plan in accordance with the provisions of IRS Section 457(g). Assets of the plan were placed in trust for the exclusive benefit of participants and their beneficiaries. The requirements of that IRS Section prescribes that the City no longer owns the amounts deferred by employees, including the related income on those amounts. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on their plan assets, were removed from the City's financial statements.

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**RISK MANAGEMENT**

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The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the City either carries commercial insurance or participates in a public entity risk pool. Currently, the City participates in a public entity risk pool sponsored by the Maine Municipal Association for Workers' Compensation coverage.

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**RISK MANAGEMENT, CONTINUED**

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Based on the coverage provided by the pools described above, as well as coverage provided by commercial insurance purchases, the City is not aware of any material actual or potential claims which should be recorded at June 30, 2010.

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**OTHER POST-EMPLOYMENT BENEFITS**

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GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, was implemented, as required, by the City of Bath for the year ended June 30, 2009. Under this pronouncement, it requires that the long-term cost of retirement health care and obligations for other postemployment benefits be determined on an actuarial basis and reported similar to pension plans.

The City is a member of the Maine Municipal Employees Health Trust. The Trust is a multiple employer Voluntary Employee's Beneficiary Association. The City is an individually rated member within the Association. The Trust issues a publicly available financial report. That report may be obtained by writing to the Maine Municipal Association at 60 Community Drive, Augusta, ME 04332. The Trust contracted with an outside consultant to assist in the determination and valuation of the City's OPEB liability under GASB Statement 45. An OPEB liability actuarial valuation was completed by the consultants in May 2009 based on an actuarial valuation date of January 1, 2009.

**Plan Descriptions** – In addition to providing pension benefits, the City provides health care benefits for certain retired employees. Eligibility to receive health care benefits follows the same requirements as MainePERS. Eligible retirees are required to pay 100% of the health insurance premiums to receive health benefit coverage.

**Funding Policy and Annual OPEB Cost** – GASB Statement 45 does not mandate the prefunding of postemployment benefits liability. The City currently plans to fund these benefits on a pay-as-you-go basis. No assets have been segregated and restricted to provide postemployment benefits. The annual required contribution (ARC), an actuarial determined rate, represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize unfunded actuarial liabilities over a period not to exceed thirty years.

The following table represents the OPEB costs for the year and the annual required contribution:

Normal cost	\$ 65,691
Amortization of unfunded	127,548
<u>Interest</u>	<u>3,865</u>
Annual required contribution	\$ 197,104

**Net OPEB Obligation** – The City's net OPEB obligation was calculated as follows:

OPEB liability, July 1, 2009	\$ 197,104
Annual required contribution	197,104
<u>Less: Actual contributions</u>	<u>-</u>
OPEB liability, June 30, 2010	\$ 394,208

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**

**OTHER POST-EMPLOYMENT BENEFITS, CONTINUED**

**Funding Status and Funding Progress** – The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ending June 30, 2010 was as follows:

Annual required contribution	\$ 197,104
Actual contribution	-
Percent contributed	0.00%
Actuarial accrued liability	\$ 2,293,780
<u>Plan assets</u>	<u>-</u>
Unfunded actuarial accrued liability	\$ 2,293,780
Covered payroll	4,494,282
Unfunded actuarial accrued liability as a percentage of covered payroll	51.04%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information (only one year available) that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Actuarial Methods and Assumptions** – Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets. Significant methods and assumptions were as follows:

Actuarial valuation date	1/1/09
Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	29 years

**Actuarial assumptions:**

Investment rate of return	4.0%
Projected salary increases	N/A
Healthcare inflation rate	4.0% - 9.6%

**CITY OF BATH, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**SUBSEQUENT EVENTS**

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After the fiscal year end, the City Council approved the issuance of several new bonds to pay for equipment, vehicles, and to replace a drive chain for the clarifiers at the wastewater treatment plant. The total amount approved for issuance is \$1,385,000.

As of February 2, 2010, the Maine State Legislature passed LD 1565, a Resolve to Transfer the Ownership of the Bath Armory to the City of Bath. The agreement includes the transfer of land and buildings for the purchase price of \$175,000, which was approved by City Council on June 9, 2010. The transfer of the property was not completed until after year end. The Armory purchase was financed by a note with the term of 10 years and bears an interest rate of 4.07%.

In addition, on June 9, 2010, the City Council approved the issuance of a \$3,000,000 Tax Anticipation Note to cover short-term cash flows in anticipation of future tax revenues. The Tax Anticipation Note bears an interest rate of 1.47% and is due on June 30, 2011.

**CITY OF BATH, MAINE**  
**Required Supplementary Information**

**Schedule of Funding Progress**  
**Retiree Healthcare Plan**

<u>Fiscal Year</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) – Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b-a)/c]</u>
2009	1/1/09	\$ -	\$ 2,293,780	\$ 2,293,780	0.00%	\$ 4,164,479	55.08%
2010	1/1/09	\$ -	2,293,780	2,293,780	0.00%	4,494,282	51.04%



## **GENERAL FUND**

The General Fund is the general operating fund of the City. All general assessments and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. The fund pays general operating expenditures, fixed charges and capital improvements that are not paid through other funds.



**CITY OF BATH, MAINE**  
**General Fund**  
**Comparative Balance Sheet**  
**June 30, 2010 and 2009**

	2010	2009
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,348,505	4,434,899
Receivables:		
Taxes receivable	742,204	915,666
Tax liens	294,882	361,557
Accounts receivable, net of allowance of \$126,241	187,012	196,603
Inventory	24,509	16,146
Prepaid	6,360	-
Receivable from RSU #1 for debt service payment	8,155,020	9,140,030
<b>Total assets</b>	<b>\$ 12,758,492</b>	<b>15,064,901</b>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	206,076	774,048
Accrued expenditures	221,240	222,083
Interfund loans payable	1,275,835	2,074,558
Deferred tax revenue	753,000	997,000
Deferred debt service payments from RSU #1	8,155,020	9,140,030
<b>Total liabilities</b>	<b>10,611,171</b>	<b>13,207,719</b>
Fund balance:		
Reserved for inventory	24,509	16,146
Unreserved:		
Designated	147,606	120,531
Undesignated	1,975,206	1,720,505
<b>Total fund balance</b>	<b>2,147,321</b>	<b>1,857,182</b>
<b>Total liabilities and fund balance</b>	<b>\$ 12,758,492</b>	<b>15,064,901</b>

**CITY OF BATH, MAINE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual--Budgetary Basis**  
**For the year ended June 30, 2010**  
**(with comparative actual amounts for the year ended June 30, 2009)**

	2010		Variance positive (negative)	2009 Actual
	Budget	Actual		
<b>Revenues:</b>				
<b>Taxes:</b>				
Property taxes	\$ 13,966,924	14,172,518	205,594	14,265,011
Excise taxes	983,100	978,637	(4,463)	973,474
Interest and costs on taxes	70,000	152,940	82,940	122,025
Contributions in lieu of taxes	72,500	58,024	(14,476)	67,947
<b>Total taxes</b>	<b>15,092,524</b>	<b>15,362,119</b>	<b>269,595</b>	<b>15,428,457</b>
<b>Licenses, permits and fees:</b>				
Non-business licenses	7,200	7,620	420	8,698
Health, building, plumbing and electrical permits	53,780	46,586	(7,194)	63,605
Vehicle, boat and recreation vehicle registrations	25,000	24,035	(965)	24,088
Other	17,700	16,758	(942)	27,655
<b>Total licenses, permits and fees</b>	<b>103,680</b>	<b>94,999</b>	<b>(8,681)</b>	<b>124,046</b>
<b>Intergovernmental:</b>				
State revenue sharing	950,000	895,294	(54,706)	994,376
State homestead exemption	225,053	220,235	(4,818)	213,011
State BETE exemption	300,339	300,339	-	206,379
Other state revenue	20,000	97,209	77,209	130,714
<b>Total intergovernmental</b>	<b>1,495,392</b>	<b>1,513,077</b>	<b>17,685</b>	<b>1,544,480</b>
Investment income	140,000	1,640	(138,360)	102,215
<b>Charges for services:</b>				
Ambulance service	610,000	531,409	(78,591)	604,638
Cemetery sales	48,000	56,651	8,651	37,475
Parking City lots	60,000	62,625	2,625	59,364
Police duty and fees	25,500	30,941	5,441	22,578
<b>Total charges for services</b>	<b>743,500</b>	<b>681,626</b>	<b>(61,874)</b>	<b>724,055</b>
<b>Other revenues:</b>				
Parking and traffic violations	20,000	7,635	(12,365)	11,444
Cable television franchise	75,000	64,668	(10,332)	86,368
Rents and leases	16,000	14,500	(1,500)	22,022
Sale of property	70,000	45,300	(24,700)	8,171
Miscellaneous	50,600	14,692	(35,908)	28,929
<b>Total other revenues</b>	<b>231,600</b>	<b>146,795</b>	<b>(84,805)</b>	<b>156,934</b>
<b>Total revenues</b>	<b>17,806,696</b>	<b>17,800,256</b>	<b>(6,440)</b>	<b>18,080,187</b>

**CITY OF BATH, MAINE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual--Budgetary Basis, Continued**  
**(with comparative actual amounts for the year ended June 30, 2009)**

	2010		Variance positive (negative)	2009 Actual
	Budget	Actual		
Expenditures:				
Current:				
General government:				
Administration	\$ 148,376	147,177	1,199	143,816
Professional services	154,500	143,762	10,738	140,473
City council	83,963	53,990	29,973	53,160
City clerk	102,487	104,410	(1,923)	106,879
Elections	18,100	18,942	(842)	14,492
Central services	205,500	167,423	38,077	171,960
City Hall management	148,234	138,156	10,078	139,995
Finance	224,977	221,867	3,110	212,748
Assessor	112,829	112,908	(79)	108,827
Public education government cable	47,269	42,306	4,963	40,804
Planning and community development	96,530	93,461	3,069	91,692
Total general government	1,342,765	1,244,402	98,363	1,224,846
Public works:				
General	904,370	881,628	22,742	955,522
Forestry	50,910	49,022	1,888	50,027
Cemetery and parks	374,631	373,883	748	355,275
Total public works	1,329,911	1,304,533	25,378	1,360,824
Public safety:				
Fire and ambulance	1,306,673	1,307,322	(649)	1,294,718
Police	1,347,775	1,277,953	69,822	1,287,862
Other public safety	79,033	76,395	2,638	70,619
Codes enforcement	90,764	83,026	7,738	83,929
Street lights	150,000	111,888	38,112	111,625
Fire hydrant rental	364,800	364,940	(140)	364,800
Total public safety	3,339,045	3,221,524	117,521	3,213,553
Health and welfare:				
General assistance	62,538	66,744	(4,206)	54,324
Total health and welfare	62,538	66,744	(4,206)	54,324

**CITY OF BATH, MAINE**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual--Budgetary Basis, Continued**

	2010		Variance positive (negative)	2009 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Education	\$ 7,796,147	7,796,147	-	7,921,924
Intergovernmental--county tax	1,544,081	1,544,081	-	1,633,038
Unclassified:				
Employee benefits	970,332	948,950	21,382	897,796
Insurances	274,000	322,474	(48,474)	287,158
Special events and support	184,186	180,886	3,300	181,389
Overlay/abatements and write-offs	217,040	31,181	185,859	44,434
Total unclassified	1,645,558	1,483,491	162,067	1,410,777
Debt service:				
Principal	592,832	592,832	-	532,500
Interest and fees	115,137	112,644	2,493	203,107
Total debt service	707,969	705,476	2,493	735,607
Total expenditures	17,768,014	17,366,398	401,616	17,554,893
Excess (deficiency) of revenues over (under) expenditures	38,682	433,858	395,176	525,294
Other financing sources (uses):				
Utilization of prior year fund balance	181,316	-	(181,316)	-
Transfers in	65,000	76,918	11,918	69,689
Transfers out	(284,998)	(286,074)	(1,076)	(282,490)
Refunding of debt service	-	138,362	138,362	-
Funding RSU #1 fund deficit	-	(100,000)	(100,000)	(100,000)
Total other financing sources (uses)	(38,682)	(170,794)	(132,112)	(312,801)
Net change in fund balance - budgetary basis	-	263,064	263,064	212,493
Reconciliation to GAAP basis:				
Fuel revenues for fuel tank reserve		27,075		13,330
Special item:				
Transfer of funds to Regional School Unit #1		-		490,837
Net change in fund balances - GAAP basis		290,139		716,660
Fund balance, beginning of year		1,857,182		1,140,522
<b>Fund balance, end of year</b>	<b>\$</b>	<b>2,147,321</b>		<b>1,857,182</b>

## **CAPITAL PROJECT FUNDS**

Capital project funds are established to account for resources obtained and expended for the acquisition of major capital facilities other than those that would be employed in the delivery of services accounted for in enterprise funds.





**CITY OF BATH, MAINE**  
**Capital Projects**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2010**

	Fund balance beginning of year	Revenues			Investment earnings	Other	Capital outlay	Transfers in (out)	Fund balance end of year
		Property taxes	Intergovern- mental						
City capital projects:									
Capital fund - City	\$ 71,663	79,000	-	444	-	94,203	-	56,904	
Capital improvement projects	177,019	77,000	494,536	-	-	582,117	(94,000)	72,438	
Streets and sidewalks phase II	31,278	-	-	-	-	-	-	31,278	
Cemetery and parks capital	138,898	28,719	-	-	-	74,164	-	93,453	
Commercial/Front pump station	13,855	-	-	-	-	-	-	13,855	
Fire and ambulance capital projects	(11,230)	-	10,000	-	-	17,817	-	(19,047)	
Police capital improvements	13,012	53,758	-	-	6,000	51,894	-	20,876	
Public works capital improvements	1,819,938	38,577	380,082	54,173	325	559,535	24,000	1,757,560	
Recreation capital improvements	(6,343)	90,215	-	-	-	97,617	-	(13,745)	
<b>Total capital projects</b>	<b>\$ 2,248,090</b>	<b>367,269</b>	<b>884,618</b>	<b>54,617</b>	<b>6,325</b>	<b>1,477,347</b>	<b>(70,000)</b>	<b>2,013,572</b>	



**ALL OTHER GOVERNMENTAL FUNDS**



**CITY OF BATH, MAINE**  
**Other Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2010**

		Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$	138,234	117,528	255,762
Investments		-	1,469,216	1,469,216
Accounts receivable		3,412	-	3,412
Due from other governments		12,484	-	12,484
Notes receivable		1,005,174	-	1,005,174
Interfund loans receivable		122,069	85,439	207,508
<b>Total assets</b>	<b>\$</b>	<b>1,281,373</b>	<b>1,672,183</b>	<b>2,953,556</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable		57,006	-	57,006
Accrued expenditures		32,655	-	32,655
Escrow		84,232	-	84,232
Interfund loans payable		932,463	7,104	939,567
<b>Total liabilities</b>		<b>1,106,356</b>	<b>7,104</b>	<b>1,113,460</b>
Fund balances:				
Reserved for noncurrent receivables		1,005,174	-	1,005,174
Reserved for unexpendable principal		-	1,646,888	1,646,888
Unreserved, reported in:				
Special revenues - designated		40	-	40
Special revenues - undesignated		(830,197)	-	(830,197)
Permanent funds		-	18,191	18,191
<b>Total fund balances</b>		<b>175,017</b>	<b>1,665,079</b>	<b>1,840,096</b>
<b>Total liabilities and fund balances</b>	<b>\$</b>	<b>1,281,373</b>	<b>1,672,183</b>	<b>2,953,556</b>

**CITY OF BATH, MAINE**  
**Other Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2010**

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total
<b>Revenues:</b>			
Intergovernmental	\$ 1,290,365	-	1,290,365
Charges for services	894,326	-	894,326
Investment income	8,034	50,817	58,851
Realized/unrealized gain (loss) on investments	-	65,947	65,947
Other revenue	105,717	5,816	111,533
<b>Total revenues</b>	<b>2,298,442</b>	<b>122,580</b>	<b>2,421,022</b>
<b>Expenditures:</b>			
General government	634,889	-	634,889
Public safety	81,354	-	81,354
Parks and recreation	644,396	-	644,396
Health, welfare and transportation	181,677	-	181,677
Unclassified	526,557	10,599	537,156
Capital outlay	16,606	-	16,606
<b>Total expenditures</b>	<b>2,085,479</b>	<b>10,599</b>	<b>2,096,078</b>
Excess (deficiency) of revenues over (under) expenditures	212,963	111,981	324,944
<b>Other financing sources (uses):</b>			
Transfers in	451,074	-	451,074
Transfers out	-	(36,918)	(36,918)
<b>Total other financing sources (uses)</b>	<b>451,074</b>	<b>(36,918)</b>	<b>414,156</b>
Net change in fund balances	664,037	75,063	739,100
Fund balances (deficits), beginning	(489,020)	1,590,016	1,100,996
<b>Fund balances, ending</b>	<b>\$ 175,017</b>	<b>1,665,079</b>	<b>1,840,096</b>

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

Special Revenue Funds account for specific resources obtained and expended for specified purposes that are restricted by law or administration action.





**CITY OF BATH, MAINE**  
**Nonmajor Special Revenues Funds**  
**Combining Balance Sheet**  
**June 30, 2010**

	City Special Purpose	Community Development Funds	Transportation Programs	Bath Local Development Corporation	Midcoast Center For Higher Education	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 75,090	-	6,955	56,189	-	138,234
Accounts receivable	-	-	-	-	3,412	3,412
Due from other governments	-	-	12,484	-	-	12,484
Notes receivable	-	1,005,174	-	-	-	1,005,174
Interfund loans receivable	-	-	-	122,069	-	122,069
<b>Total assets</b>	<b>\$ 75,090</b>	<b>1,005,174</b>	<b>19,439</b>	<b>178,258</b>	<b>3,412</b>	<b>1,281,373</b>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>						
<b>Liabilities:</b>						
Accounts payable	13,037	34,681	4,581	-	4,707	57,006
Accrued expenditures	16,520	771	10,568	2,495	2,301	32,655
Escrow	80,206	-	-	-	4,026	84,232
Interfund loans payable	323,754	338,289	4,250	-	266,170	932,463
Total liabilities	433,517	373,741	19,399	2,495	277,204	1,106,356
<b>Fund balances (deficits):</b>						
Reserved for noncurrent receivables	-	1,005,174	-	-	-	1,005,174
Unreserved:						
Designated	-	-	40	-	-	40
Undesignated	(358,427)	(373,741)	-	175,763	(273,792)	(830,197)
Total fund balances (deficits)	(358,427)	631,433	40	175,763	(273,792)	175,017
<b>Total liabilities and fund balances</b>	<b>\$ 75,090</b>	<b>1,005,174</b>	<b>19,439</b>	<b>178,258</b>	<b>3,412</b>	<b>1,281,373</b>

**CITY OF BATH, MAINE**  
**Nonmajor Special Revenues Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2010**

	City	Community	Transportation	Bath Local	Midcoast Center	Total
	Special	Development	Programs	Development	For Higher	
	Purpose	Funds		Corporation	Education	
<b>Revenues:</b>						
Intergovernmental	\$ 55,960	1,179,440	54,965	-	-	1,290,365
Investment income	7,397	-	251	386	-	8,034
Charges for services	379,489	4,045	42,553	-	468,239	894,326
Other revenue	68,179	-	-	-	37,538	105,717
<b>Total revenues</b>	<b>511,025</b>	<b>1,183,485</b>	<b>97,769</b>	<b>386</b>	<b>505,777</b>	<b>2,298,442</b>
<b>Expenditures:</b>						
General government	-	634,889	-	-	-	634,889
Public safety	81,354	-	-	-	-	81,354
Parks and recreation	644,396	-	-	-	-	644,396
Health, welfare and transportation	552	-	181,125	-	-	181,677
Unclassified	3,358	-	-	105,928	417,271	526,557
Capital outlay	10,376	-	-	-	6,230	16,606
<b>Total expenditures</b>	<b>740,036</b>	<b>634,889</b>	<b>181,125</b>	<b>105,928</b>	<b>423,501</b>	<b>2,085,479</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(229,011)</b>	<b>548,596</b>	<b>(83,356)</b>	<b>(105,542)</b>	<b>82,276</b>	<b>212,963</b>
<b>Other financing sources (uses):</b>						
Transfers in (out)	160,820	83,752	76,502	130,000	-	451,074
<b>Total other financing sources (uses)</b>	<b>160,820</b>	<b>83,752</b>	<b>76,502</b>	<b>130,000</b>	<b>-</b>	<b>451,074</b>
<b>Net change in fund balances</b>	<b>(68,191)</b>	<b>632,348</b>	<b>(6,854)</b>	<b>24,458</b>	<b>82,276</b>	<b>664,037</b>
<b>Fund balances (deficits), beginning</b>	<b>(290,236)</b>	<b>(915)</b>	<b>6,894</b>	<b>151,305</b>	<b>(356,068)</b>	<b>(489,020)</b>
<b>Fund balances (deficits), ending</b>	<b>\$ (358,427)</b>	<b>631,433</b>	<b>40</b>	<b>175,763</b>	<b>(273,792)</b>	<b>175,017</b>

**CITY OF BATH, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Individual Funds**  
**For the year ended June 30, 2010**

	Fund balances		Revenues		Transfers		Fund balances	
	June 30, 2009	Revenues	Expenditures	over (under)	in (out)	June 30, 2010	(deficits)	
City Special Purpose Funds:								
Almoner Fund	\$ 20,590	12,254	552	11,702	(10,418)	21,874		
Cable TV Capital Fund	19,432	-	-	-	(8,413)	11,019		
Chesebrough Fund	(6,197)	-	2,215	(2,215)	8,412	-		
Comprehensive Planning	6,993	683	-	683	(2,460)	5,216		
DARE	22,695	8,016	3,339	4,677	(2,277)	25,095		
Druid Park	2,560	-	1,717	(1,717)	-	843		
Fire Department training	16,359	5,500	33,685	(28,185)	4,154	(7,672)		
Forestry Trust	25,161	1,138	-	1,138	2,747	29,046		
Forestry Recovery Grant	14,999	6,838	1,143	5,695	(20,754)	(60)		
Homeland Security Grant	(4,800)	2,500	-	2,500	-	(2,300)		
Police Grants	66,261	55,735	44,330	11,405	(70,247)	7,419		
Lambert Park Community Center	(11,201)	25,700	10,376	15,324	(341)	3,782		
McMann Field Renovation	856	22	-	22	(3)	875		
Mens Softball League	2,099	5,000	4,171	829	-	2,928		
Other City programs	(3,311)	59,516	53,632	5,884	15,855	18,428		
Recreation (Fund 12)	(190,146)	245,250	461,841	(216,591)	204,573	(202,164)		
Recreation - Lacrosse	787	3,515	2,758	757	2	1,546		
Recreation - Soccer	26,926	6,247	6,214	33	-	26,959		
Skate park committee	(58,366)	-	-	-	-	(58,366)		
Bath Youth Meeting House (Fund 13)	(263,026)	73,036	114,063	(41,027)	40,000	(264,053)		
Swimming Pool Fund	21,093	75	-	75	(10)	21,158		
<b>Total City Special Purpose</b>	<b>(290,236)</b>	<b>511,025</b>	<b>740,036</b>	<b>(229,011)</b>	<b>160,820</b>	<b>(358,427)</b>		
Transportation Programs:								
Bath City Bus	(40,203)	62,849	108,070	(45,221)	41,502	(43,922)		
Park and Ride Vehicle Reserve	90,992	-	-	-	-	90,992		
Trolley	(43,895)	34,920	73,055	(38,135)	35,000	(47,030)		
<b>Total Transportation Programs</b>	<b>6,894</b>	<b>97,769</b>	<b>181,125</b>	<b>(83,356)</b>	<b>76,502</b>	<b>40</b>		



## **NONMAJOR GOVERNMENTAL FUNDS**

### **PERMANENT FUNDS**

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.



**CITY OF BATH, MAINE**  
**Nonmajor Permanent Funds**  
**Combining Balance Sheet**  
**June 30, 2010**

	Bailey	Beneficiary	Cemetery	Old Folks	School	Total
	Evening	Trust	Trusts	Home	Trusts	
	School					
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	116,332	1,196	-	-	117,528
Investments	164,192	220,799	1,035,032	32,341	16,852	1,469,216
Interfund loans receivable	-	-	85,439	-	-	85,439
<b>Total assets</b>	<b>\$ 164,192</b>	<b>337,131</b>	<b>1,121,667</b>	<b>32,341</b>	<b>16,852</b>	<b>1,672,183</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Interfund loans payable	-	7,104	-	-	-	7,104
Total liabilities	-	7,104	-	-	-	7,104
Fund balances:						
Reserved for nonexpendable principal	164,192	330,027	1,103,476	32,341	16,852	1,646,888
Unreserved, reported in:						
Permanent funds	-	-	18,191	-	-	18,191
Total fund balances	164,192	330,027	1,121,667	32,341	16,852	1,665,079
<b>Total liabilities and fund balances</b>	<b>\$ 164,192</b>	<b>337,131</b>	<b>1,121,667</b>	<b>32,341</b>	<b>16,852</b>	<b>1,672,183</b>

**CITY OF BATH, MAINE**  
**Nonmajor Permanent Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2010**

	Bailey						
	Evening School	Beneficiary Trust	Cemetery Trusts	Old Folks Home	School Trusts	Total	
Revenues:							
Investment income	\$ 5,319	10,288	33,616	1,048	546	50,817	
Realized gain (loss) on investments	2,677	3,505	18,203	527	275	25,187	
Unrealized gain (loss) on investments	4,553	6,121	28,723	896	467	40,760	
Perpetual care contributions	-	-	5,816	-	-	5,816	
Total revenues	12,549	19,914	86,358	2,471	1,288	122,580	
Expenditures:							
Current:							
Distribution of income	-	-	-	833	-	833	
Other	1,090	1,465	6,885	215	111	9,766	
Total expenditures	1,090	1,465	6,885	1,048	111	10,599	
Excess (deficiency) of revenues over (under) expenditures	11,459	18,449	79,473	1,423	1,177	111,981	
Other financing uses:							
Transfers out	(4,230)	(7,254)	(25,000)	-	(434)	(36,918)	
Total other financing uses	(4,230)	(7,254)	(25,000)	-	(434)	(36,918)	
Net change in fund balances	7,229	11,195	54,473	1,423	743	75,063	
Fund balances, beginning of year	156,963	318,832	1,067,194	30,918	16,109	1,590,016	
<b>Fund balances, end of year</b>	<b>\$ 164,192</b>	<b>330,027</b>	<b>1,121,667</b>	<b>32,341</b>	<b>16,852</b>	<b>1,665,079</b>	



## **LONG-TERM DEBT**



**CITY OF BATH, MAINE**  
**Statement of Changes in Long-term Debt**  
**For the year ended June 30, 2010**

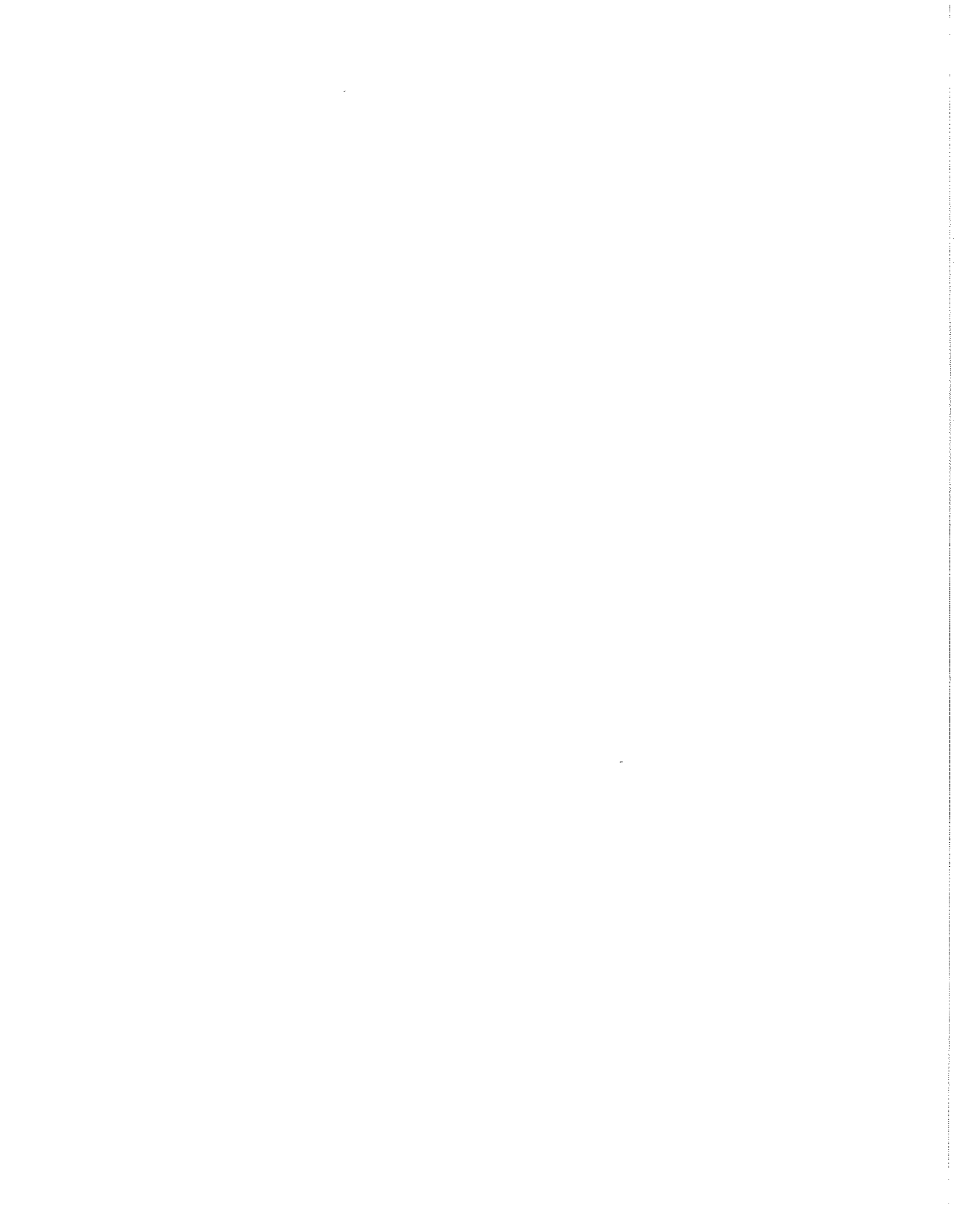
	Interest Rate	Issue Date	Final Maturity Date	Annual Principal Payments	Balance beginning of year	Current Period		Balance end of year
						Issued	Retired	
<u>General Obligation Bonds</u>								
City issues:								
1989 Sewer Separation Bonds	Var.	1989	2009	\$ 40,000	20,000	-	20,000	-
1992 Sewer Improvement Bonds	4.1%	1992	2012	165,550	662,200	-	165,550	496,650
1997 Wastewater Treatment Upgrade Bonds	Var.	1997	2017	315,000	2,835,000	-	315,000	2,520,000
1998 Library Bonds	Var.	1998	2012	35,700	143,000	-	35,700	107,300
1999 Sewer and Street Improvement TIF Bonds	Var.	1999	2020	225,000	2,475,000	-	225,000	2,250,000
2001 Capital Improvement Bonds	Var.	2001	2021	55,000	650,000	-	50,000	600,000
2002 SRF Landfill/Pumping Station Bonds	Var.	2002	2022	107,500	1,305,000	-	107,500	1,197,500
2002 General Obligation Bonds	Var.	2002	2021	Var.	2,680,000	-	220,000	2,460,000
2004 General Obligation Bonds	Var.	2004	2020	Var.	1,340,000	-	125,000	1,215,000
2004 Note Payable-MCHE	5.500%	2004	2024	Var.	472,833	-	19,899	452,934
Building Renovation Note	5.125%	2006	2011	Var.	400,686	-	29,473	371,213 (1)
Wastewater Revolving Loan Fund	1.780%	2006	2026	17,500	297,500	-	17,500	280,000
2006 General Obligation Refunding Bond	4.375%	2006	2009	Var.	420,000	-	420,000	-
2008 General Obligation Bond	Var.	2008	2018	400,000	3,600,000	-	400,000	3,200,000
2008 General Obligation Bond	Var.	2008	2023	Var.	2,330,000	-	170,000	2,160,000
2008 SRF Sewer Bond	1.000%	2008	2023	93,333	1,306,667	-	93,333	1,213,334 (2)
2009 General Obligation Bond Series B	Var.	2009	2029	20,000	635,000	-	20,000	615,000
2010 General Obligation Bond Series C	6.750%	2009	2019	Var.	1,365,000	-	-	1,365,000
2009 ARRA Clean Water Revolving Loan	0.000%	2009	2019	4,156	-	56,965	19,557	37,408
2010 Sidewalk Loan	4.240%	2010	2020	Var.	-	400,000	-	400,000
<b>Total City issues</b>					<b>22,937,886</b>	<b>456,965</b>	<b>2,453,512</b>	<b>20,941,339</b>
School issues:								
2001 Middle School Improvement Bonds	Var.	2001	2021	280,000	3,640,000	-	280,000	3,360,000
2001 Middle School Improvement SRRF Bonds	0.0%	2002	2012	55,010	165,030	-	55,010	110,020
2006 General Obligation Refunding Bond	4.375%	2006	2016	Var.	2,815,000	-	370,000	2,445,000
2008 General Obligation Bond	Var.	2008	2018	280,000	2,520,000	-	280,000	2,240,000
<b>Total School issues</b>					<b>9,140,030</b>	<b>-</b>	<b>985,010</b>	<b>8,155,020</b>
<b>Total long-term debt</b>					<b>\$ 32,077,916</b>	<b>456,965</b>	<b>3,438,522</b>	<b>29,096,359</b>

(1) This note is on a draw down basis. As of June 30, 2010, the City has drawn down \$500,000.

(2) This note is on a draw down basis. As of June 30, 2010, the City has drawn down \$1,339,570.



## STATISTICAL TABLES



**CITY OF BATH, MAINE**  
**Revenues and Expenditures**  
**General Fund**  
**Last Ten Fiscal Years**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues:</b>										
Taxes	\$ 10,474,542	11,223,961	12,623,047	13,428,379	13,659,493	13,404,814	15,307,788	15,130,542	15,428,457	15,362,119
Licenses and permits	75,633	65,284	95,088	79,168	90,128	132,935	150,943	150,922	124,046	94,999
Intergovernmental revenues	6,718,329	6,854,712	6,485,027	6,619,956	6,465,023	7,153,492	7,122,131	7,707,834	1,544,480	1,513,077
Charges for services	4,482,088	4,238,843	4,425,659	4,703,368	4,647,438	4,591,096	4,626,184	3,594,745	724,055	681,626
Investment income	570,285	315,152	158,518	109,238	152,877	211,305	331,063	278,480	102,215	1,640
Other revenues (1)	253,024	346,531	383,032	349,374	265,411	393,962	547,403	321,575	226,623	223,713
<b>Total revenues</b>	<b>22,573,901</b>	<b>23,044,483</b>	<b>24,170,371</b>	<b>25,289,483</b>	<b>25,280,370</b>	<b>25,887,604</b>	<b>28,085,512</b>	<b>27,184,098</b>	<b>18,149,876</b>	<b>17,877,174</b>
<b>Expenditures:</b>										
General government	998,919	1,011,882	1,024,780	1,054,390	1,058,485	1,102,444	1,197,766	1,178,350	1,224,846	1,244,402
Public safety	2,792,139	2,809,960	2,734,664	2,760,277	2,751,019	3,171,253	3,046,429	3,106,076	3,213,553	3,221,524
Public works	1,518,166	1,567,059	1,590,076	1,659,323	1,825,791	1,788,654	1,856,280	1,320,757	1,360,824	1,304,533
Health and welfare	81,328	66,390	61,036	75,691	98,495	106,539	101,382	29,238	54,324	66,744
Recreation	172,638	174,920	187,331	208,803	212,641	192,226	198,194	178,864	181,389	180,886
Education	13,793,905	14,579,337	15,323,583	15,923,794	16,012,109	16,660,276	16,804,196	16,973,815	7,921,924	7,796,147
Intergovernmental	677,633	1,019,100	1,217,279	1,111,526	1,172,705	1,340,856	1,931,215	1,626,955	1,633,038	1,544,081
Unclassified (2)	1,302,140	1,300,652	1,407,474	1,366,646	1,314,909	1,468,356	1,623,623	1,519,835	1,511,878	1,588,679
Debt service	1,433,149	1,407,211	1,242,189	1,248,880	1,236,907	1,259,955	1,210,959	666,004	735,607	705,476
<b>Total expenditures</b>	<b>\$ 22,770,017</b>	<b>23,936,511</b>	<b>24,788,412</b>	<b>25,409,330</b>	<b>25,683,061</b>	<b>27,090,559</b>	<b>27,970,044</b>	<b>26,599,894</b>	<b>17,837,383</b>	<b>17,652,472</b>

(1) Does not include fund balance appropriations.

(1) Includes transfers in.

(2) Includes transfers out.

**CITY OF BATH, MAINE**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Year	Current tax levy	Current tax collections	Total current year collections as a percent of total tax levy	Total all taxes and liens outstanding June 30,	Percent of delinquent taxes and liens to tax levy
2001	\$ 12,416,277	12,188,495	98.17%	541,158	4.36%
2002	16,088,615	15,885,933	98.74%	519,755	3.23%
2003	17,822,650	17,532,672	98.37%	529,501	2.97%
2004	18,670,229	18,408,260	98.60%	472,017	2.53%
2005	19,254,866	18,774,056	97.50%	620,942	3.22%
2006	16,315,800	15,820,496	96.96%	825,008	5.06%
2007	18,247,413	17,737,947	97.21%	824,281	4.52%
2008	19,021,627	18,345,687	96.45%	1,068,914	5.62%
2009	20,096,686	19,293,028	96.00%	1,277,223	6.36%
2010	20,180,941	19,542,395	96.84%	1,037,086	5.14%



**CITY OF BATH, MAINE**  
**Assessed and State Value of Taxable Property**  
**Last Ten Fiscal Years**

Year	Assessed Value			State equalized valuation	Ratio of total assessed value to State equalized value
	Real	Personal	Total		
2001	\$ 453,416,200	134,110,500	587,526,700	518,250,000	113.37%
2002	544,933,100	186,360,600	731,293,700	548,850,000	133.24%
2003	553,506,600	189,103,800	742,610,400	595,000,000	124.81%
2004	557,556,600	183,325,500	740,882,100	650,000,000	113.98%
2005	564,689,500	183,072,300	747,761,800	753,500,000	99.24%
2006	926,382,500	198,845,100	1,125,227,600	825,900,000	136.24%
2007	930,904,000	195,479,500	1,126,383,500	936,200,000	120.31%
2008	937,017,400	202,002,200	1,139,019,600	1,026,200,000	110.99%
2009	970,578,000	197,834,000	1,168,412,000	980,350,000	119.18%
2010	972,339,850	200,970,700	1,173,310,550	986,350,000	118.95%

**CITY OF BATH, MAINE**  
**Property Tax Rates - Segments**  
**(Per \$1,000 of Assessed Value)**  
**Last Ten Fiscal Years**

Year	Total	City Mil rate	School Mil rate	County Mil rate
2001	21.00	7.80	11.80	1.40
2002	22.00	7.40	12.51	2.09
2003	24.00	7.40	14.16	2.44
2004	25.20	7.91	14.87	2.42
2005	25.75	8.34	15.12	2.29
2006 (1)	14.50	5.42	8.40	0.68
2007	16.20	6.25	8.01	1.94
2008	16.70	8.60	6.27	1.83
2009	17.20	6.71	8.77	1.72
2010	17.20	7.01	8.50	1.68

(1) The City did a revaluation for the year ended June 30, 2006.

**CITY OF BATH, MAINE**  
**Ratio of General Bonded Debt to Assessed Value**  
**and General Bonded Debt Per Capita**  
**Last Ten Fiscal Years**

	Estimated population	Assessed value (in thousands)	Gross bonded debt (1)	Ratio of gross bonded debt to assessed value	Gross bonded debt per capita
2001	9,266	\$ 599,986	30,305,200	5.05%	3,271
2002	9,266	731,294	28,714,050	3.93%	3,099
2003	9,266	742,610	32,247,790	4.34%	3,480
2004	9,266	740,882	31,549,030	4.26%	3,405
2005	9,266	747,762	29,677,610	3.97%	3,203
2006	9,266	1,125,228	28,472,884	2.53%	3,073
2007	9,266	1,126,384	25,470,755	2.26%	2,749
2008	9,266	1,139,019	33,604,334	2.95%	3,627
2009	9,266	1,168,412	32,093,417	2.75%	3,464
2010	9,266	1,173,311	29,096,359	2.48%	3,140

(1) Includes all general long-term obligation debt excluding capital leases and accrued vacation and sick leave.  
 Certain School debt is reimbursed by the State of Maine.

**CITY OF BATH, MAINE**  
**Ratio of Annual Debt Service Expenditures**  
**to Total General Fund Expenditures**  
**Last Ten Fiscal Years**

Year	Principal	Interest	Total debt service (1)	Total General Fund expenditures	Ratio of debt service to total General Fund expenditures
2001	\$ 2,141,250	1,204,416	3,345,666	22,770,017	14.69%
2002	2,141,250	1,386,234	3,527,484	23,936,511	14.74%
2003	2,416,260	1,342,477	3,758,737	24,788,412	15.16%
2004	2,538,760	1,293,702	3,832,462	25,409,330	15.08%
2005	2,421,420	1,259,835	3,681,255	25,683,061	14.33%
2006	2,552,726	1,167,849	3,720,575	27,090,559	13.73%
2007 (2)	2,502,129	1,096,391	3,598,520	27,970,044	12.87%
2008	2,566,421	966,189	3,532,610	26,599,894	13.28%
2009 (3)	2,541,408	803,593	3,345,001	17,554,893	19.05%
2010	2,438,111	765,362	3,203,473	17,366,398	18.45%

(1) Includes education and special revenue fund debt service.

(2) Does not include principal amounts of refunded bond issues.

(3) As of June 30, 2009, the City no longer includes the School Department.

Table G

**CITY OF BATH, MAINE**  
**Ten Largest Taxpayers**  
**For the year ended June 30, 2010**

<b>Name</b>	<b>Type of operation</b>	<b>Assessed valuation</b>	<b>Amount of tax</b>	<b>% of net tax levy</b>
Bath Iron Works	Ship building & repair	\$ 468,119,300	8,051,652	39.90%
Thomas Walsh	Motor - Hotel	11,151,800	191,811	0.95%
Bath Supermarket Improvements	Retail Space	10,540,300	181,293	0.90%
Sagadahoc Real Estate Assoc	Office space	9,578,100	164,743	0.82%
Bath Savings	Banking Institution	8,638,200	148,577	0.74%
Bath Inline Improvements	Retail Space	7,471,600	128,512	0.64%
Northwood Housing	Residential housing	7,086,400	121,886	0.60%
EWT LLC	Residential Housing	6,629,800	114,033	0.57%
Central Maine Power	Electric Utility Company	5,217,700	89,744	0.44%
Security National Properties	US Navy Shipbuilding	5,001,000	86,017	0.43%
<b>Totals</b>		<b>\$ 539,434,200</b>	<b>9,278,268</b>	<b>45.98%</b>

